Wage and Benefit Study

Bluegrass Water Utility Operating Company, LLC, a Kentucky Subsidiary of Central States Water Resources, Inc.

February 2023

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EXECUTIVE SUMMARY

This Wage and Benefit Study was conducted on behalf of Bluegrass Water Operating Company, LLC, (Bluegrass), a Kentucky limited liability corporation, which is a wholly-owned subsidiary of Central States Water Resources, in response to the Kentucky Public Service Commission's request for a formal study that provides wage and benefit information for the positions which support Bluegrass's operations in Kentucky. Bluegrass's base compensation is competitive when compared to the market midpoints for all in-scope positions using a weighted average of all positions.

Table I – Bluegrass Market Position – Base Compensation

Bluegrass Base Comp. vs. Market Midpoint	% of Mkt Midpoint	Delta to the Midpoint
Weighted Average	**100.3%**	**-0.3%**

Figures in red are greater than 10% above the market average midpoint
Figures in black are within +/- 10% of the market average midpoint
Figures in blue are less than 90% of the market average midpoint

There was some variation among the eight positions in-scope for the study in terms of how the positions compared to the midpoints of the pay ranges from job title to job title, and the detailed list of positions can be found in Table III below. In aggregate, Bluegrass's base pay rates are approximately 100.3% of the average market midpoint using a weighted average for all positions.

- 1 position (13%) is more than 10% below market at the pay range midpoint
- 6 positions (75%) were within +/- 10% of the pay range midpoint
- 1 position (13%) was greater than 10% higher than the pay range midpoint

After combining health and retirement benefits in order to analyze total compensation, Bluegrass's position relative to the market compares more favorably, but still competitive with the market – and still within +/- 10% of the market midpoint in aggregate.

Table II – Bluegrass Market Position – Total Compensation (Base Compensation + Benefits)

Bluegrass Total Comp. vs. Market Midpoint	% of Mkt Midpoint	Delta to the Midpoint
Weighted Average	**93.8%**	**6.6%**

ScottMadden also found Bluegrass's pay practices and employee benefits to be competitive with offerings from other companies operating in the same or similar areas and competing for talent.

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STUDY METHODOLOGY

In establishing the scope for this analysis, ScottMadden and Bluegrass identified eight positions that were determined to be relevant and in-scope for study. Though Bluegrass does not have any employees located in Kentucky, the eight positions were determined to be in-scope for this study because they provide dedicated support to Bluegrass's operations in Kentucky from parent company Central States Water Resources' headquarters near St. Louis, Missouri. A detailed list of the in-scope positions with job responsibilities, minimum requirements, other detailed information can be found in Appendix A. To determine the competitiveness of the base compensation and total employee benefits, a variety of tools and data sources, both public and private, were used to establish an appropriate basis of comparison for each component of the analysis. For the base compensation and benefit cost analyses, two private compensation analysis tools were used as described below, supplemented with public data from the Department of Labor and the Bureau of Labor Statistics (BLS). For the analysis of pay practices, health, and retirement benefits, public data from the BLS was supplemented with private data from a custom survey of regulated utilities and other companies with operations in Kentucky conducted in 2022. Detailed lists of positions with compensation analysis for each Bluegrass position are included in Appendix A.

Salary Assessor – Economic Research Institute (ERI)

ERI's Salary Assessor compiles pay data from hundreds of published data sources for thousands of job titles. The database is updated quarterly and provides salary information for nearly any geographic area in the United States. The information in this database reflects base salaries at the 25th percentile (low), average (or mean), and 75th percentile (high). St. Louis, Missouri was used as the geographic cut for all positions, as all eight positions are located in or near the St. Louis area, and the industry cut is based on water supply systems (NAICS 221310). All data is effective January 1, 2023, adjusted to February 7, 2023 using a prorated portion of the annualized salary trend for 2023 of 3.3% (0.27%). Additional details on ERI's methodology can be found in Appendix B.

CompAnalyst – Salary.com, previously IBM

CompAnalyst Market Data is the world's largest compensation database with 600 million data points and growing. CompAnalyst data is collected from hundreds of professionally conducted surveys run by corporate HR departments every year. St. Louis, Missouri was used as the geographic cut for all positions, as all eight positions are located in or near the St. Louis area, and the industry cut is based on the utility subindustry for "water, sewage, and other systems" (which includes organizations that operate water treatment plants and water supply systems, sewer systems and sewage treatment facilities, and related facilities. All data is effective February 1, 2023 unless noted otherwise. Additional details on the CompAnalyst Market Data methodology can be found in Appendix C.

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FINDINGS – PAY RANGES – BASE PAY

There was some variation among the eight positions in-scope for the study in terms of how the positions compared to the midpoints of the pay ranges from job title to job title, and the detailed list of positions can be found in Table III below. In aggregate, Bluegrass's base pay rates are approximately 100.3% of the average market midpoint using a weighted average for all positions.

- 1 position (13%) is more than 10% below market at the pay range midpoint;
- 6 positions (75%) were within +/- 10% of the pay range midpoint; and
- 1 position (13%) was greater than 10% higher than the pay range midpoint.

Table III – Bluegrass Market Position – Base Compensation

#	Position	Location	Current Salary	Market Midpoint	% of Mkt Midpoint	Delta to the Midpoint
1	Accounting Manager	St. Louis, MO	$ 150,000	$ 132,615	113.1%	-13.1%
2	Billing & Collections Specialist	St. Louis, MO	$ 54,080	$ 57,447	94.1%	5.9%
3	Customer Experience Specialist	St. Louis, MO	$ 70,500	$ 68,023	103.6%	-3.6%
4	EH&S/Operations Compliance Mgr	St. Louis, MO	$ 88,000	$ 99,388	88.5%	11.5%
5	Senior Accountant	St. Louis, MO	$ 90,000	$ 90,913	99.0%	1.0%
6	State Operations Manager	St. Louis, MO	$ 110,000	$ 110,321	99.7%	0.3%
7	System Compliance Auditor	St. Louis, MO	$ 55,000	$ 59,163	93.0%	7.0%
8	System Compliance Inspector	St. Louis, MO	$ 73,000	$ 74,846	97.5%	2.5%
			Weighted Average		100.3%	-0.3%

Figures in red are greater than 10% above the market average midpoint
Figures in black are within +/- 10% of the market average midpoint
Figures in blue are less than 90% of the market average midpoint

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FINDINGS – PAY RANGES – TOTAL COMPENSATION, INCLUDING HEALTH AND RETIREMENT

In order to provide a comparison for total compensation, including employer costs for health and retirement benefits, ScottMadden examined the following categories of cost:

- Annual pay range midpoint;
- The annual health plan annual employer costs, including medical, dental, prescription, and vision benefits; and
- Retirement plan employer contributions, including defined benefit, deferred compensation, and social security contributions.

There was some variation among the eight positions in-scope for the study in terms of how the positions compared to the midpoints of the pay ranges from job title to job title, and the detailed list of positions can be found in Table IV below. Compared with the base pay-only analysis, Bluegrass's position relative to the market is slightly lower, but still competitive within +/- 10% of the market midpoint in aggregate, as depicted in Table VIII below. Bluegrass's total compensation rates are approximately 93.8% of the average market midpoint using a weighted average for all positions.

- 3 positions (38%) are more than 10% below market at the pay range midpoint;
- 5 positions (63%) were within +/- 10% of the pay range midpoint; and
- 0 positions were greater than 10% higher than the pay range midpoint.

Table IV – Bluegrass Market Position – Total Compensation (Base Comp. + Health + Retirement)

#	Position	Current Base Salary (A)	Health Benefit Cost (B)	Retirmnt Benefit Cost (C)	Bluegrass Total Comp (A+B+C)	Health % of Total Comp	Retirement % of Total Comp	Total Comp Mkt Midpoint	% of Mkt Midpoint	Delta to the Midpoint
1	Accounting Manager	$ 150,000	$ 2,620	$ 7,500	$ 160,120	1.6%	4.7%	$ 152,377	**105.1%**	**-5.1%**
2	Billing & Collections Specialist	$ 54,080	$ 2,620	$ 2,704	$ 59,404	4.4%	4.6%	$ 66,008	**90.0%**	**10.0%**
3	Customer Experience Specialist	$ 70,500	$ 873	$ 3,525	$ 74,898	1.2%	4.7%	$ 78,159	**95.8%**	**4.2%**
4	EH&S/Operations Compliance Mgr	$ 88,000	$ 2,620	$ 4,400	$ 95,020	2.8%	4.6%	$ 114,198	**83.2%**	**16.8%**
5	Senior Accountant	$ 90,000	$ 2,620	$ 4,500	$ 97,120	2.7%	4.6%	$ 104,460	**93.0%**	**7.0%**
6	State Operations Manager	$ 110,000	$ 2,620	$ 5,500	$ 118,120	2.2%	4.7%	$ 126,760	**93.2%**	**6.8%**
7	System Compliance Auditor	$ 55,000	$ 873	$ 2,750	$ 58,623	1.5%	4.7%	$ 67,979	**86.2%**	**13.8%**
8	System Compliance Inspector	$ 73,000	$ 2,620	$ 3,650	$ 79,270	3.3%	4.6%	$ 85,999	**92.2%**	**7.8%**
							Weighted Average		**93.8%**	**6.2%**

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FINDINGS – PAY PRACTICES

Findings from the custom survey are presented in this section by topic and question asked in the custom survey. All peers company names are blinded to protect confidentiality, but Bluegrass's responses are specifically cited in all cases below.

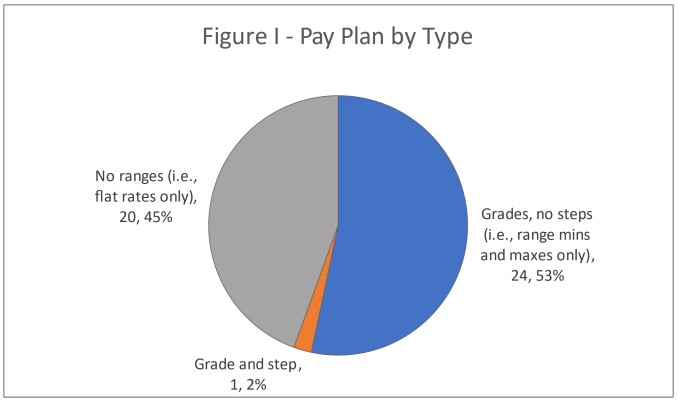
Types of Pay Plans

Q: Please indicate the type(s) of pay plan(s) applicable to each in-scope position.

a. *Grades, no steps (i.e., range mins and maxes only)*
b. *Grade and step*
c. *No ranges (i.e., flat rates only)*

As shown in Figure I below, the majority of positions captured in the custom survey (53%) reported using grades, no steps (i.e., range minimums and maximums only), and the second most common pay plan was no ranges (i.e., flat rates only). Bluegrass reported using no ranges.

Figure I – Pay Plan Prevalence by Type



Salary Schedule Design

Q: How do employees progress through the pay range for their current job? (select all that apply).

a. *Longevity or time in job increases*
b. *Market data adjustments*
c. *Budget process / financial ability*

All five respondents cited market data adjustments, and two respondents each replied longevity or time in the job and budget process and/or financial ability. Bluegrass noted that it uses both market data adjustments and longevity or time in job increases.

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Adjustments to Pay Ranges/Schedules

Q: Which of the following do you use to adjust pay ranges/schedules? (select all that apply).

d. Market data

e. Budget process / financial ability

f. Collective bargaining agreement

All five peer respondents cited market data, and two respondents cited the budget process and/or financial ability. Bluegrass noted that it uses market data to periodically adjust pay ranges.

Base Pay Increases (Previous Three Years, 2020-2022)

Q: Please indicate the pay range increases (% increase) scheduled for each year from 2020-2022.

As outlined in the table below, there was some variation in the recent and planned pay increases, and Bluegrass is at the high end among the other peers in the study, particularly in 2022.

Table V – Pay Range Increases from 2020-2022

Company	Pay Range Increases		
	2020	2021	2022
A	2.0%	2.0%	2.0%
B	3.0%	3.5%	3.5%
C	0.0%	2.0%	2.0%
D	5.0%	3.0%	7.0%
E	0.0%	0.0%	2.0%
Bluegrass	6.0%	3.0%	8.0%

FINDINGS – PAID LEAVE

Findings from the custom survey are presented in this section by topic and question asked in the survey. All peers company names are blinded to protect confidentiality, but Bluegrass's responses are specifically cited in all cases below.

Holidays and Personal Days

Q: How many holidays and personal days or floating holidays do employees receive each year?

As outlined in the table below, the number of holidays and personal days provided to employees each year ranges from 11 to 13 holidays per year, and Bluegrass is at the high end of the range.

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Table VI – Number of Holidays and Personal Days per Year

Company	# Holidays	# Personal/ Floating Holidays	Total
A	9	2	11
B	9	3	12
C	8	2	10
D	13	-	13
E	10	1	11
Bluegrass	13	-	13

Paid Time Off (PTO) and Vacation/Sick Leave

Q: Do you have a PTO policy or a vacation/sick leave policy? How many days are provided to employees by year of tenure?

As detailed below, two each of the peer companies have PTO and vacation/sick leave policies, and the number of days provided to employees varies by year of tenure. Bluegrass has an unlimited PTO program in place for all employees, subject to schedule constraints.

Table VII – Number of PTO/Vacation Days per Year by Tenure

Company	PTO or Vacation/Sick Plan?	PTO / Vacation Days by Years of Service								
		1	2	3	4	5	10	15	20	25+
A	PTO	15	15	15	15	20	25	25	30	30
B	PTO	18	20	20	20	20	27	30	30	32
C	PTO	NA	NA	NA	NA	NA	NA	NA	NA	NA
D	Vacation/Sick*	10	10	10	10	15	15	20	20	25
E	Vacation/Sick*	12	12	13	13	15	20	20	25	25
Bluegrass	PTO	Unlimited PTO program for all employees, subject to schedule constraints								

**Company E provides an additional 20 days of sick leave and Company D provides 10 days.*

Q: Can employees carry over PTO or vacation days? What is the maximum number of bankable days?

As depicted below, three of the five peer companies allow for employees to carry over unused PTO/vacation days, but this approach does not apply to Bluegrass's unlimited PTO program.

Table VIII – PTO/Vacation Carryover and Maximum Days

Company	Can Employees Carry Over?	Maximum Number of Days
A	Yes	5
B	No	NA
C	No	NA
D	Yes	10
E	Yes	6
Bluegrass	No	NA

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FINDINGS – HEALTH BENEFITS

Findings from the custom survey are presented in this section by topic and question asked in the survey. All peer company names are blinded to protect confidentiality, but Bluegrass's responses are cited in all cases below.

Medical Plans and Costs

Q: What types of medical plans do you offer? Select all that apply.

As outlined in the table below, like Bluegrass, four of five peer companies offer Preferred Provider Organization (PPO). Health Maintenance Organization (HMO) plans are the second most prevalent, and none of the peer companies provide High Deductible Health Plan (HDHP) plans. Bluegrass and the three respondents that provided details on their medical plans also confirmed that their medical plans include coverage for prescription drugs.

Table IX – Types of Health Plans Offered

Company	Types of Health Insurance Plans Offered		
	Preferred Provider Organization (PPO)	Health Maintenance Organization (HMO)	High Deductible Health Plan (HDHP)
A	Yes	No	Yes
B	Yes	No	Yes
C	NA	NA	NA
D	Yes	No	Yes
E	Yes	No	Yes
Bluegrass	Yes	No	No

Q: What are the employer and employee costs for the PPO plan by coverage type?

As depicted in the table below, the employer and employee costs are very similar for Bluegrass compared to peers by coverage type, reinforcing the observation that Bluegrass's offerings are in line with peers. The employer component of the total cost is tightly grouped among Bluegrass and peers by coverage type, too, ranging only from 79% to 99%, with Bluegrass covering 99% of the total costs.

Table X – Employer and Employee Costs for PPO Plans by Coverage Type

Company	Employer and Employee Cost for PPO Plans by Coverage Type							
	Employee Only		Employee + Spouse		Employee + Children		Family	
	Employer Cost	Employee Cost	Employer Cost	Employee Cost	Employer Cost	Employee Cost	Employer Cost	Employee Cost
A	$595	$140	$1,428	$338	$1,253	$293	$2,088	$488
B	$630	$157	$1,483	$406	$1,248	$341	$2,163	$591
C	NA	NA	NA	NA	NA	NA	NA	NA
D	NA	NA	NA	NA	NA	NA	NA	NA
E	$588	$105	$1,304	$233	$1,351	$242	$1,855	$277
Bluegrass	$816	$8	$1,679	$17	$1,577	$16	$2,446	$25

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Note: Questions were also included about participants' costs related to HMO and HDHP programs, but Bluegrass does not offer those types of plans to its employees.

Dental and Vision

Q: What are the employer and employee costs for the dental plan by coverage type?

As detailed below, the employer costs for Bluegrass's dental plan are slightly higher than other participants, and the employee costs are lower compared to other participants.

Table XI - Employer and Employee Costs for Dental Plans by Coverage Type

Company	Employer and Employee Cost for Dental Plans by Coverage Type							
	Employee Only		Employee + Spouse		Employee + Children		Family	
	Employer Cost	Employee Cost	Employer Cost	Employee Cost	Employer Cost	Employee Cost	Employer Cost	Employee Cost
A	$30	$7	$60	$15	$60	$15	$90	$22
B	$23	$9	$46	$17	$56	$21	$87	$33
C	$20	$9	$41	$18	$49	$21	$75	$32
D	NA	NA	NA	NA	NA	NA	NA	NA
E	$20	$9	$41	$18	$49	$21	$75	$32
Bluegrass	$99	$1	$99	$1	$99	$1	$99	$1

Q: What are the employer and employee costs for the vision plan by coverage type?

As depicted below, only three companies were able to provide details on their vision plans, and Bluegrass was unable to provide a breakout of the costs related to its vision plan. One peer provides a plan entirely funded by employees, and one company provides a plan with a nominal, but non-zero, cost to employees.

Table XII - Employer and Employee Costs for Vision Plans by Coverage Type

Company	Employer and Employee Cost for Vision Plans by Coverage Type							
	Employee Only		Employee + Spouse		Employee + Children		Family	
	Employer Cost	Employee Cost	Employer Cost	Employee Cost	Employer Cost	Employee Cost	Employer Cost	Employee Cost
A	$0	$7	$0	$15	$0	$11	$0	$21
B	$7	$0	$11	$0	$11	$0	$19	$0
C	NA	NA	NA	NA	NA	NA	NA	NA
D	NA	NA	NA	NA	NA	NA	NA	NA
E	$4	$1	$9	$2	$9	$2	$15	$4
Bluegrass	NA	NA	NA	NA	NA	NA	NA	NA

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FINDINGS – RETIREMENT

Findings from the custom survey are presented in this section by topic and question asked in the survey. All peer company names are blinded to protect confidentiality, but Bluegrass's responses are cited in all cases below.

Types of Retirement Plans Offered

Q: What types of medical plans do you offer? Select all that apply.

As noted below, only two peer companies provided detailed responses to the retirement plan questions, and those companies both responded that they both provide defined contribution plans to employees, the only type of program offered by Bluegrass to its employees.

Table XIII – Types of Retirement Plans Offered

Company	Types of Retirement Plans Offered		
	Defined Benefit (Pension)	Defined Contribution	Deferred Compensation
A	Yes	Yes	Yes
B	No	Yes	Yes
C	Yes	Yes	Yes
D	Yes	Yes	Yes
E	Yes	Yes	No
Bluegrass	No	Yes	No

Employer Contributions

Q: Please indicate the total employer contributions based on percentage of pay and the maximum match of employer contribution to the plan based on percentage of pay.

As outlined below, Bluegrass's employer contributions to its defined contribution plan are in line with the other peer respondent that provided details on their plans.

Table XIV – Employer Contributions to Defined Contribution Plans (% of Pay)

Company	Defined Contribution	
	Total Employer Contribution (% of Pay)	Maximum Match (% of Pay)
A	4%	4%
B	7% total (3% non-elective, up to 4% match)	4% (1-for-1 match first 3%, $0.50 for $1 match on the next 2%)
C	NA	NA
D	NA	NA
E	NA	NA
Bluegrass	5%	5%

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CONCLUSIONS

In summary, Bluegrass's base pay, total compensation, pay practices and employee benefits are competitive with the market. Bluegrass's base pay and total compensation are particularly competitive, both falling within +/- 10% of the market midpoints in aggregate, and the Company's pay practices and benefits are also in line with the offerings provided by other regulated utilities and other companies operating in the same or similar areas competing for talent.

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APPENDIX A – DETAILED MARKET DATA FOR ALL IN-SCOPE POSITIONS

Accounting Manager					
Source	**Matching Job Title**	**Workweek**	**Pay Range Low**	**Pay Range Midpoint**	**Pay Range High**
Published Proprietary Data Sources					
CompAnalyst	Accounting Manager	40.0	$106,568	**$124,574**	$140,780
ERI Salary Assessor	Accounting Manager	40.0	$127,849	**$140,656**	$153,102
Bluegrass		40.0		**$150,000**	
Published Market Midpoint				**$132,615**	
Bluegrass as % of Published Market Average				**113%**	
Adjustment to Reach Market Average				**-13%**	

Notes and Assumptions
Bluegrass position location: St. Louis, MO
Years of experience: No stated requirement
Industry: Water, Sewage, and Other Systems (NAICS 221310)
Company scale: $5-10M in revenue

Legend
Figures in **red** are greater than 10% above the market average midpoint
Figures in **black** are within +/- 10% of the market average midpoint
Figures in **blue** are less than 90% of the market average midpoint

Job Summary
The Accounting Manager will play a key role in maintaining the accounting records and transactions for multiple operating units; will be a key contributor to the financial closing processes; and will be involved in the preparation of the company's income statement and balance sheet, account analysis/reconciliations of general ledger accounts, and monthly journal entries.

Minimum Requirements
Bachelors Degree in accounting

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Billing & Collections Specialist					
Source	**Matching Job Title**	**Workweek**	**Pay Range Low**	**Pay Range Midpoint**	**Pay Range High**
Published Proprietary Data Sources					
CompAnalyst	Customer Billing/Collections Analyst II	40.0	$52,359	**$62,976**	$72,921
ERI Salary Assessor	Billing Specialist	40.0	$47,955	**$51,918**	$55,521
Bluegrass		40.0		**$54,080**	
Published Market Midpoint				**$57,447**	
Bluegrass as % of Published Market Average				**94%**	
Adjustment to Reach Market Average				**6%**	

Notes and Assumptions
Bluegrass position location: St. Louis, MO
Years of experience: 3+ years in a billing role
Industry: Water, Sewage, and Other Systems (NAICS 221310)
Company scale: $5-10M in revenue

Legend
Figures in **red** are greater than 10% above the market average midpoint
Figures in **black** are within +/- 10% of the market average midpoint
Figures in **blue** are less than 90% of the market average midpoint

Job Summary

The Billing Specialist will ensure the timely billing of services to all Bluegrass customers. The specialist will also initiate the collections process on delinquent accounts and work with operations team to complete processes related to shutoff's.

Minimum Requirements
High School Graduate with 3+ years in a billing role

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Customer Experience Specialist					
Source	**Matching Job Title**	**Workweek**	**Pay Range Low**	**Pay Range Midpoint**	**Pay Range High**
Published Proprietary Data Sources					
CompAnalyst	Customer Service Specialist II	40.0	$52,764	**$61,230**	$69,241
ERI Salary Assessor	Customer Experience Analyst	40.0	$68,767	**$74,815**	$80,441
Bluegrass		40.0		**$70,500**	
Published Market Midpoint				**$68,023**	
Bluegrass as % of Published Market Average				**104%**	
Adjustment to Reach Market Average				**-4%**	

Notes and Assumptions
Bluegrass position location: St. Louis, MO
Years of experience: 3+ years in customer service
Industry: Water, Sewage, and Other Systems (NAICS 221310)
Company scale: $5-10M in revenue

Legend
Figures in **red** are greater than 10% above the market average midpoint
Figures in **black** are within +/- 10% of the market average midpoint
Figures in **blue** are less than 90% of the market average midpoint

Job Summary
The Customer Experience Specialist will ensure that we provide exceptional customer service to the communities receiving water services from Bluegrass. This position is a key employee to the utility operation of Bluegrass and is integral to the company achieving its goal of being a best-in-class water utility in the U.S.

Minimum Requirements
High School Graduate with 3+ years in customer service

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EH&S/Operations Compliance Manager					
Source	**Matching Job Title**	**Workweek**	**Pay Range Low**	**Pay Range Midpoint**	**Pay Range High**
Published Proprietary Data Sources					
CompAnalyst	Environmental Planner II	40.0	$77,684	**$94,763**	$106,637
ERI Salary Assessor	Compliance Manager	40.0	$94,214	**$104,012**	$113,772
Bluegrass		40.0		**$88,000**	
Published Market Midpoint				**$99,388**	
Bluegrass as % of Published Market Average				**89%**	
Adjustment to Reach Market Average				**11%**	

Notes and Assumptions
Bluegrass position location: St. Louis, MO
Years of experience: 5+ years water/wastewater experience
Industry: Water, Sewage, and Other Systems (NAICS 221310)
Company scale: $5-10M in revenue

Legend
Figures in **red** are greater than 10% above the market average midpoint
Figures in **black** are within +/- 10% of the market average midpoint
Figures in **blue** are less than 90% of the market average midpoint

Job Summary
Under the general supervision of higher-level leadership, supervises, develops, and implements laboratory, monitoring, testing, and administrative duties to ensure Bluegrass's compliance with applicable federal, state, and local regulatory agency requirements pertaining to water and wastewater.

Minimum Requirements
Bachelor's degree in Environmental studies or a similar discipline plus 5 years water/wastewater experience

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Senior Accountant					
Source	**Matching Job Title**	**Workweek**	**Pay Range Low**	**Pay Range Midpoint**	**Pay Range High**
Published Proprietary Data Sources					
CompAnalyst	Senior Accountant	40.0	$77,312	**$87,377**	$96,512
ERI Salary Assessor	Accountant Certified Public III	40.0	$85,902	**$94,448**	$102,871
Bluegrass		40.0		**$90,000**	
Published Market Midpoint				**$90,913**	
Bluegrass as % of Published Market Average				**99%**	
Adjustment to Reach Market Average				**1%**	

Notes and Assumptions
Bluegrass position location: St. Louis, MO
Years of experience: No stated requirement
Industry: Water, Sewage, and Other Systems (NAICS 221310)
Company scale: $5-10M in revenue

Legend
Figures in **red** are greater than 10% above the market average midpoint
Figures in **black** are within +/- 10% of the market average midpoint
Figures in **blue** are less than 90% of the market average midpoint

Job Summary
The Senior Accountant will play a key role in maintaining the accounting records and transactions for multiple operating units; will be a key contributor to the financial closing processes; and will be involved in the preparation of the company's income statement and balance sheet, account analysis/reconciliations of general ledger accounts, and monthly journal entries.

Minimum Requirements
Bacelor's degree in accounting, CPA helpful

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State Operations Manager					
Source	**Matching Job Title**	**Workweek**	**Pay Range Low**	**Pay Range Midpoint**	**Pay Range High**
Published Proprietary Data Sources					
CompAnalyst	Water/Wastewater Processing Plnt. Mgr.	40.0	$99,321	**$106,593**	$120,505
ERI Salary Assessor	Water Superintendent	40.0	$103,526	**$114,048**	$124,658
Bluegrass		40.0		**$110,000**	
Published Market Midpoint				**$110,321**	
Bluegrass as % of Published Market Average				**100%**	
Adjustment to Reach Market Average				**0%**	

Notes and Assumptions
Bluegrass position location: St. Louis, MO
Years of experience: No stated requirement
Industry: Water, Sewage, and Other Systems (NAICS 221310)
Company scale: $5-10M in revenue

Legend
Figures in **red** are greater than 10% above the market average midpoint
Figures in **black** are within +/- 10% of the market average midpoint
Figures in **blue** are less than 90% of the market average midpoint

Job Summary

The Regional Manager assigned to the position is a key member of the management team and oversees all aspects of their assigned region of operation.

Minimum Requirements
Bachelor's Degree in civil Engineering or Business, experience in the water/wastewater industry

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System Compliance Auditor					
Source	**Matching Job Title**	**Workweek**	**Pay Range Low**	**Pay Range Midpoint**	**Pay Range High**
Published Proprietary Data Sources					
CompAnalyst	Compliance Specialist I	40.0	$54,013	**$62,380**	$70,043
ERI Salary Assessor	Compliance Auditor	40.0	$51,085	**$55,945**	$60,628
Bluegrass		40.0		**$55,000**	
Published Market Midpoint				**$59,163**	
Bluegrass as % of Published Market Average				**93%**	
Adjustment to Reach Market Average				**7%**	

Notes and Assumptions
Bluegrass position location: St. Louis, MO
Years of experience: No stated requirement
Industry: Water, Sewage, and Other Systems (NAICS 221310)
Company scale: $5-10M in revenue

Legend
Figures in **red** are greater than 10% above the market average midpoint
Figures in **black** are within +/- 10% of the market average midpoint
Figures in **blue** are less than 90% of the market average midpoint

Job Summary
Under the general supervision of higher-level staff, develops and implements laboratory, monitoring, testing, and administrative duties to ensure Bluegrass's compliance with applicable federal, state, and local regulatory agency requirements pertaining to water and wastewater.

Minimum Requirements
Bachelor's degree in Environmental studies or a similar discipline

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System Compliance Inspector					
Source	**Matching Job Title**	**Workweek**	**Pay Range Low**	**Pay Range Midpoint**	**Pay Range High**
Published Proprietary Data Sources					
CompAnalyst	Environmental Planner I	40.0	$63,181	**$75,006**	$86,015
ERI Salary Assessor	Env. Health & Safety Specialist	40.0	$67,417	**$74,685**	$81,826
Bluegrass		40.0		**$73,000**	
Published Market Midpoint				**$74,846**	
Bluegrass as % of Published Market Average				**98%**	
Adjustment to Reach Market Average				**2%**	

Notes and Assumptions
Bluegrass position location: St. Louis, MO
Years of experience: 5+ years water/wastewater experience
Industry: Water, Sewage, and Other Systems (NAICS 221310)
Company scale: $5-10M in revenue

Legend
Figures in **red** are greater than 10% above the market average midpoint
Figures in **black** are within +/- 10% of the market average midpoint
Figures in **blue** are less than 90% of the market average midpoint

Job Summary
Under the general supervision of higher-level staff, develops and implements laboratory, monitoring, testing, and administrative duties to ensure Bluegrass's compliance with applicable federal, state, and local regulatory agency requirements pertaining to water and wastewater.

Minimum Requirements
Bachelor's degree in Environmental studies or a similar discipline plus 5 years water/wastewater experience

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APPENDIX B – ECONOMIC RESEARCH INSTITUTE SALARY ASSESSOR TOOL METHODOLOGY

The methodology for the Salary Assessor & Survey application and databases, as found below is further defined in the help menus. All figures are reported in local currencies.

The Salary Assessor (SA) application and databases provide detailed pay analysis for the US, Canada, UK, Europe, and other areas around the globe. These data help users to market price jobs and assess an organization's wage/salary competitiveness and internal equity. The Salary Assessor & Survey application database assists with precise up-to-date evaluations of market pay.

ERI's data are primarily derived from in-house salary surveys. Data are also extracted from publicly filed tax returns leased from other survey vendors or gained from Freedom of Information Act requests. Data that are collected from third-party sources are then matched to ERI's internal job descriptions. First, multiple independent raters go through the job descriptions in the surveys and match the jobs in the surveys to ERI's internal job descriptions. Factors such as level, education, industry and 98 additional hard metrics are considered for each job.

Job data is matched and reported according to the position description. Data is adjusted for geographic area, industry (matched to SIC or NACE), organization size (revenue, assets, or number of employees), and salary planning date (data is trended forwards and backwards through time series analysis).

Jobs found within the Salary Assessor & Survey application database are those for which multiple salary survey sources are available and for which reported data has been condensed, modified, and compiled.

Survey Means and Medians

Mean

The salary calculations available from the Salary Assessor & Survey application and databases are the result of salary surveys collected and analyzed by ERI. ERI has over 25 years of experience in this field. National average data is carefully constructed. It is noted that individual salary surveys may or may not represent a true weighted average or mean. However, ERI's overall results drawn from multiple salary surveys should represent more accurately a true weighted average or mean. ERI defines mean as the weighted average salary resulting from ERI's analysis of all survey data available for the particular job, industry, company size, and geographic area. Since salary surveys have different effective dates, ERI selects the first day of the data update, released twice each quarter, as a common benchmark and updates all salary survey data to that date, so that "apples are compared to apples."

Median

ERI defines the median as the value at which half of all incumbents earn more and half of all incumbents earn less than the calculated salary. Until 1997, ERI had chosen to collect, calculate, and report median salary levels (only) rather than weighted averages or other measures of central tendency. The median value tends to be less influenced by extremes than a survey mean. As wage and salary distributions are skewed for most jobs, the mean generally falls close to, but slightly higher than, the median. For this reason, some view a median value as a better target for market pricing and competitive pay. Based upon subscriber requests, ERI reports both survey mean and median wages/salaries and defaults initial analyses to the survey mean.

Salaries by Experience/Size Tables

The Salaries by Experience/Size Table provides detailed pay range data for a single job, matched by Survey Description. Subscribers may view pay data by percentile, median, and mean. These jobs may

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be cross referenced by years of experience for non-executive jobs and by revenue/size for executive jobs. Pay may be further refined by subscriber specification of geographic area, industry, organization size, and salary planning date.

Base Salaries
The Base Salary Table and Graph illustrate how a salary continuously changes by organization size and years of experience.

Total Compensation
The Total Compensation Table and Graph illustrate how the total salary (base salary + incentive) continuously changes as the organization size and years of experience change. Please note: Incentive data represents an average of all employees in the job, including organization data where no incentive or cash bonus was paid.

Incentive
The Incentive Table and Graph illustrate average incentives paid according to organization size and years of experience. This average includes all survey data where no incentive or cash bonus is reported paid. It therefore represents an average of all employees in the job, rather than the norms for organizations that pay incentives.

Salaries by Level Table
While ERI has been gathering salary data since the 1980's, our original data was gathered by years of experience and all incumbent market values. In the late 1990's we also began to gather data by levels within a job, and the Salaries by Level tab was added to the Salary Assessor in 2003.

The data sources used for reporting by level differ from those sources used for salaries by years of experience. The Salary Assessor's Salaries by Level tab is based on matching ERI Survey Descriptions with job/survey descriptions of available salary survey sources. (Please also see the Definition of Levels topic. These definitions are printed at the bottom of the Salaries by Level report in the Salary Assessor Descriptions section.)

Benchmark List Table
To assist with planning or auditing pay for multiple jobs in one location, the Benchmark List table enables users to enter and view the salaries for multiple jobs in one location. This allows users to view a list of benchmark or key jobs with ERI-calculated salaries and compare current pay practices to local market pricing calculations. In addition, the Benchmark List allows users to view selected jobs within a selected industry. These are jobs that have been found to exist with each industry and may assist users in creating benchmark lists of jobs within the organization.

Geographic List Table
To assist with planning or auditing pay for one job in multiple (branch) locations, the multiple locations Geographic List Table enables you to enter and view up to 99 areas' salaries for one job. On one table (or one printout report), you may view a listing of branch offices with ERI-calculated salaries and compare your current pay practice to local market pricing.

Statistical Methodology
The Salary Assessor and Executive Compensation Assessor & Survey utilize polynomial regression analyses techniques.

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Geography and Industry

ERI's analysis of salary survey data for unique locations and industries is dependent on the occupation being analyzed. This is because industry and location have different amounts of influence over an occupation's salary depending on the occupation. These differences generally exist between executive and non-executive occupations.

Non-executive occupations are frequently influenced by geography more than industry. This is because organizations will frequently have to compete for labor across industries. An accountant may search for work in multiple industries as their skills are transferrable. ERI is able to provide local data for these occupations by expanding analyses to other industries that would be competing for the same labor. The analyses capture any differences that may exist between the industries by examining the differences between those industries within other local labor markets.

Executive occupations are frequently influenced by industry more than geography. This is because competition for executive labor frequently exists on a national level and also because industry knowledge is more frequently critical to success in these occupations. ERI accurately captures the market rate for these occupations by expanding the analysis to other comparable organizations within the same industry. Geographic differences are captured by examining relative value patterns within an industry to other, related industries.

These methods provide a clear picture of how an occupation exists within a labor market, while accounting for differences which may exist between the industries. Over the years, the accuracy of these methods has been found to be quite accurate. The accuracy has been demonstrated by later salary surveys which have included the occupation, industry, and location in question and from company/customer feedback.

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APPENDIX C – COMPANALYST TOOL METHODOLOGY

The methodology behind Salary.com's CompAnalyst Market Data is a state-of-the-art process for benchmarking and analyzing jobs that builds on the professional industry standards employed by compensation analysts. When adding jobs to the CompAnalyst Market Data database, Salary.com's team of compensation consultants selects and validates surveys, benchmarks jobs to multiple surveys, aggregates data, and reviews and adjusts results, as necessary, to produce accurate results for every job, every time. To determine the true market rate for each job reported in CompAnalyst, the Salary.com team reviews all available market pay data on a monthly basis, ensuring that CompAnalyst users have access to up-to-date, accurate market data.

With this unique methodology, Salary.com is able to publish an up-to-date estimated salary range for any position in any market, even when individual surveys do not have sufficient data for that job or market. Using the new CompAnalyst architecture, which defines relationships between job family, function, and focus, Salary.com is able to fill in the gaps left by traditional compensation surveys, producing accurate estimated salaries for jobs that other data sources do not cover.

The summary below briefly highlights the key steps in the methodology behind CompAnalyst Market Data.

1. The Salary.com compensation team creates a job description that summarizes the key aspects of each job in the CompAnalyst data set. Each job is categorized into a family, function, and focus to group related jobs together in the CompAnalyst architecture.
2. Salary.com identifies and purchases the most current compensation surveys available, selecting only those surveys published by leading compensation data firms that adhere to the standards set by WorldatWork.
3. Salary.corn's compensation consultants match job descriptions to the most comparable jobs from each available data source. Each job must be matched to multiple survey sources to be published in CompAnalyst.
4. Expert compensation consultants create a composite view for each job with each set of scopes, taking into account the statistical reliability and the effective date of the data. The team further analyzes the data for any industry, geography, or company size biases that could be inherent in a given survey report. This ensures a comprehensive analysis of the compensation market for each job for which the data is sufficient to report.
5. The Salary.com team identifies those scopes for which data is insufficient. Com bi nations that do (or may reasonably be assumed to) exist, but for which specific data is not available, are identified manually. For these jobs, the team uses information on similar jobs or similar scopes to interpolate or extrapolate a best estimate of a reasonable market salary ranges. For each individual job title, the compensation consultants create a series of adjustment factors that reflect the relative impact that industry, geography, and company size have on the market pay for that job. During this process, if the team identifies irregularities (e.g., dentist in the media industry), salaries are reported as "not applicable." More information about this process can be found in the Data Analysis section of this report (page 06).
6. The Salary.com compensation team consistently updates the data every month to incorporate the most current information available and to reflect salary movement. As Salary.com identifies and incorporates new surveys, the team replaces extrapolated market information with data based on the new market information. Job titles are updated and new jobs are added to the database during these reviews.

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Data Sources

Survey Selection
We select surveys based on the breadth and depth of the data they provide, the methodology they use, and the industry reputation of the data provider. These surveys include large national surveys covering a broad collection of jobs, as well as more niche reports that provide deep information cuts on specific job families, industries, and geographies. Salary.com compensation consultants review each survey to make sure it reports data that is complete and reasonable for the scopes represented.

Job Selection
To ensure jobs are appropriately matched, Salary.com analysts benchmark jobs based on job description content, not simply on job title. A job is considered a match if the responsibilities, education, experience, reporting relationship, and degree of discretion and latitude are proximal. When mapping survey data to our job descriptions, Salary.corn's compensation consultants take into account how closely the participating employers reported their incumbents matched to the benchmark descriptions.

Job Classification
The new CompAnalyst architecture defines relationships between job family, function, and focus to clearly group related jobs in the database. This allows for easy searching within the database, as well as enhanced visual career pathing and job relationship identification.

Data Analysis

Interpolation and Extrapolation
CompAnalyst effectively creates and applies a multi-dimensional contour map of scope adjustment factors for each job. This mapping, based on regression analysis, comparative research, and compensation experience creates a smooth and consistent perspective of the overall pay practices for each given job.

Sometimes it is not possible to derive a clear and conclusive opinion from perfect matches. This generally occurs for one of three reasons: data insufficiency, geographic implausibility, or functional implausibility. Salary.com consistently applies methods of interpolation or extrapolation appropriate to each of these cases.

Data Insufficiency
Where available published data is insufficient to establish a clear and conclusive opinion, Salary.corn's compensation consultants apply mathematical algorithms to interpolate missing or insufficient values. One technique for filling these gaps involves the application of regression formulas to interpolate data for organizations of different sizes from those for which the original data is more robust. The data is validated based on relevant, related, and/or similar businesses - for example, data for a medium-sized high-tech firm can be interpolated by examining data for small and large high-tech companies. Regressions can also be developed based on a sufficient number of known compensation amounts for similar or related jobs. These regressions provide a strong indicator of the effect a given scope factor has on the market pay rate for a given job. By reporting these estimates CompAnalyst is providing the user with a reliable number without requiring the user to do extensive research to estimate the amounts.

If CompAnalyst has estimated compensation information based on data that partially matches the user's selections, the number of organizations and incumbents will reflect the low end of the range of total organizations and incumbents considered. This number is footnoted with a dagger (t) to indicate the match is not perfect.

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